



## IPI SPEAKER SERIES

### INNOVATIVE FINANCING FOR DEVELOPMENT AND PEACE: WHAT HAS BEEN ACHIEVED? WHAT MORE CAN BE DONE?

**When:**

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**Where:**

Trygve Lie Center for Peace, Security & Development  
International Peace Institute  
777 United Nations Plaza, 12<sup>th</sup> Floor  
(Corner of 1<sup>st</sup> Avenue and 44<sup>th</sup> Street)

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**Moderator:** Terje Rød-Larsen, President, IPI

**Speakers:** Philippe Douste-Blazy, Special Adviser to the Secretary-General for Innovative Financing for Development, Chair of UNITAID

Khalil Elouardighi, , Director at Coalition Plus, UNITAID Board Member for NGOs

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## TRANSCRIPTION

(edited by IPI)

**Terje Rød-Larsen:**

Excellencies, ladies and gentlemen, dear friends and colleagues, good afternoon. It is a great pleasure to welcome to the International Peace Institute Professor Philippe Douste-Blazy, who is the Special Adviser to the Secretary-General for Innovative Financing for Development and the Chair of UNITAID.

I'm also delighted to welcome Khalil Elouardighi--I hope I pronounced your name correctly--Director at Coalition Plus, also a UNITAID board member for NGOs.

Thanks to both of you for coming and for being with us today and for participating in the IPI speaker series. IPI started its speaker series last year. Our goal is to offer a platform to high-level international policy makers to engage with the UN community on key issues confronting multilateral institutions.

Our topic today is innovative financing for development and peace. The question at stake is: how can we generate necessary resources to fund development, given the current constraints on official development assistance and on the private flows of trade and investment? As we all know, the needs are

enormous. So, can innovative financing offer realistic options?

We are delighted and honored that Philippe Douste-Blazy and Khalil Elouardighi will help us to better understand what innovative financing has achieved so far and what more can be done.

These are issues which are not limited to the financial and development spheres, but which are also deeply political. Inequalities in access to basic goods and development disparities are often causes of conflict. Tapping new funding resources or defining better ways to provide aid often require inventing new forms of international cooperation.

Professor Douste-Blazy, you are indeed very well placed to analyze for us the many sides of these issues. As I've already mentioned, you currently serve as Special Adviser to the Secretary-General for Innovative Financing for Development, and you are also of course the chair of UNITAID.

Let me say a brief word about UNITAID, an organization which you helped found in 2006 and which is the first laboratory of the concept of innovative financing. UNITAID's goal is primarily to give people in low-income countries access to treatments for HIV/AIDS, malaria and tuberculosis. In less than 5 years, UNITAID has raised--believe it or not--2.2 billion dollars through micro contributions on airplane tickets. So I'd like to say in French: "*chapeau!*" This is incredible. It's unbelievable, and you have to explain it all to us.

So today, it finances treatment of--again, believe it or not--8 out of 10 children being treated for AIDS in the world. These are very, very impressive achievements. And we look forward to hearing more about your activities and about your plans for the future.

Let me also remind our participants that before becoming the chair of UNITAID you served several times in prestigious cabinet positions in France, including as Minister of Culture, Minister of Health and Minister for Foreign Affairs, when Philippe, you and I got to know each other.

You started your career as a practicing cardiologist--not many people know that. And you were also a Professor of Public Health at Toulouse University in France.

I'm also delighted to welcome Khalil Elouardighi. Mr. Elouardighi, you are director at Coalition Plus, an international coalition of NGOs focused on the treatment of HIV/AIDS, and your coalition is playing a major role in defining new policies for treatment and prevention of HIV/AIDS. You place a particular emphasis on the needs to better involve patients in these processes. You are also a member of the board of UNITAID, and we look forward to hearing your views on future prospects for innovative financing.

Before I now give the floor to Philippe Douste-Blazy and to Khalil Elouardighi, let me remind our participants that this meeting is on the record. After the presentations, I will moderate the question-and-answer session. So, Philippe, the floor is yours.

**Pr. Philippe Douste-Blazy:**

Dear Terje Rød-Larsen, excellencies, ladies and gentlemen, thank you very much for coming, and I would like to thank Terje Rød-Larsen for inviting me. I have a good memory about our cooperation when I was Minister of Foreign Affairs in France. Thank you.

And I would like to thank François Carrel-Billiard, the managing director of the

institute. He was my adviser when I was Minister of Foreign Affairs, and thank you, François, for your professionalism.

As you know ladies and gentlemen, 1.4 billion human beings on this planet earning less than \$1.25 per day live in extreme poverty. During the last two decades, we saw the globalization of the economy with businessmen, because businessmen are global, the globalization of communication with businessmen as well. But we didn't see the globalization of solidarity. It's like that. Consider that we depend on... it's political. And the politicians are often local and not global.

Over the next 20 years, the internet phenomenon will allow those who live in extreme poverty to compare the situation they are in with that of western countries, creating feelings of despair and humiliation, possibly even causing wars and conflict in the 21<sup>st</sup> century. I do believe that. And that is the reason why I work in this field.

We will not emerge from this current crisis unless we very rapidly purge these moral failings of globalization, and unless we replace them at the heart of our social contract with a sense of justice and the idea of humanity. And for me, the globalization of the economy without the globalization of solidarity is a way of courting disaster. But, there is now... we can see a scissors effect between on one hand an increase in needs and on the other hand a decrease in official government aid. To address the needs- if we want to reach the MDGs by 2015, we need 160 billion per year. And 40 billion are missing. Only for the development aid.

And if I speak now about climate change--we have seen that in Cancun, Copenhagen and now in Durban during the next year, we need 100 billion year by 2020.

So, official government aid stagnates at 120 billion a year, based on the traditional taxes, resources on the states, based on a limited number of donors, and confronted with the greatest economy crisis the world has known since the Great Depression 75 years ago. And this scissors effect between public resources and the need to finance international solidarity for every human being is for me the major challenge. It means we have to fulfill a historical responsibility. We must find new funding instruments and revisit our approach to solidarity.

So, how can we close the gap? By increasing pressure on governments? Of course. To increase their ODA and the role of activists like Khalil is very important. But as well by creating innovative financing for development. What are the innovative financing for development? What is this concept?

You have two kinds of innovative financing. Innovative funding and innovative spending. The first type of innovative financing is an idea of a global solidarity contribution. This is a brand new idea that holds considerable potential for development. For the first time a solidarity contribution, a solidarity taxation voted by a national parliament will not be connected or directly managed by this country but by a supranational collective body. It's a revolution. In France, for example, when we decided that, the Minister of Finance was against it, you know? This is for me the best tool, the best to create the globalization of solidarity facing economic globalization.

So, a first example of a global solidarity tax is UNITAID. UNITAID was created in September 2006 during the United Nations General Assembly with five founding countries; Norway, Brazil, Chile, UK, and France. Here the Ministers of Foreign Affairs signed up.

In 2006, we decided to propose a simple idea: increase the price of a plane ticket in France by an increment so small it is completely painless. One Euro for all domestic and European flights, and four Euros for international flights. It's innocuous for the traveler, it's harmless for the state. If this harmless financing is done for a very large number of people, this will constitute large sums of money and as Terje Rød-Larsen said a few minutes ago, from the beginning we raised 2.2 billion US Dollars with this small, small idea.

And there is a new mode of governance. In the board of UNITAID you have the governments from developed countries the founding countries. But as well you have developing countries, governments of developing countries. After that, you have the private sector with the Gates Foundation. And besides, you have two votes for civil society--one for NGOs and one for communities of patients with AIDS, malaria and tuberculosis. And finally, the United Nations WHO.

I think that this governance is very important for the future, for me. Because we have a global challenge for health, and you see that UNITAID is a concrete organization.

I chose to use this money to fight AIDS/HIV, malaria and tuberculosis. Why? Because we have patients in the south and the medicines in the north.

Now, 93 countries already receive the UNITAID support. 49 for HIV/AIDS, 29 for malaria, and 72 for tuberculosis. If you see this photograph -- in 5 months, you can see the concrete result on Jennifer only with HIV drugs. And it is very important to see that to understand capitalism today.

You don't have children with HIV in New York, in the US, in Europe. Why? Because pregnant women with HIV are treated, and newborns are not infected. And the pharmaceutical industries didn't develop pediatric drugs. Because you don't have a market. You don't have children with HIV [in the north]. But if you say that, you forget that more than 1,000 children are born per day with HIV in Africa and in Asia. It is the reason why UNITAID asks pharmaceutical companies to develop pediatric drugs with the money of the taxation. After a tender, the Indian pharmaceutical industry companies, with them we have developed the new pediatric drugs, and now we are very proud to say that 8 out of 10 children in therapy for HIV globally are treated in the world with UNITAID funds.

For example, because innovative financing is sustainable and predictable, we can say, for example, to the pharmaceutical industry, we are going to buy for 300 million dollars per year for 10 years. And we ask you a reduction of the price. And we obtain a reduction by between 50 and 60% of the price.

If you see this slide, you can see that almost 90% of HIV infections in pregnant women are only in 20 countries, African countries, all of them. And now, with UNITAID, thanks to UNICEF--because we give the money to UNICEF--we treat 500,000 pregnant women with HIV in Africa, in countries with conflict and post-conflicts. If you see this slide, you can see a big, big, big injustice. On 1,000 new infections in children each day, less than one per day in Europe, less than one per day in United States, 70 in Asia and more than 900 in Africa. This is the reason why you can see that if you don't treat these pregnant women, you are going to have a risk of 40% to have a newborn infected. If now you give the mother-baby pack--developed by UNITAID, by us--we can see the transmission risk decrease to less than 5%. And if we can give this mother-baby pack to each pregnant woman with HIV in the world, you can have a generation without AIDS. The goal is to treat the 1.4 million women in this situation, and to decrease the rate mother-to-child transmission of the virus from 50% to less than 5% thus

avoiding that the mother transmits death when she's giving birth. The mother-baby pack costs 70 US dollars. If all women that need one had one at their disposal, we could imagine a generation without AIDS.

So, that's it. It's a small laboratory which shows the health-related MDGs. But I am here to say to you that UNITAID is only a model. It's only a laboratory. What has been done with airline tickets could be done tomorrow in other economic sectors directly affected by globalization. If we setup a micro-solidarity contribution for globalized activities like tourism with plane tickets, with internet, with mobile phone, with tobacco, with financial exchange, we can change the scale.

And Khalil is going to speak to you about the financial transaction tax (FTT), because it's very, very important. We have a great opportunity with the G20 in France this year. In March 2011 the European Parliament voted a tax resolution in favor of establishing the FTT, the financial transaction tax, at the European level without having to wait for other countries like the US or China. The type of FTT proposed by the European Parliament is a small, a micro tax established between 0.01% and 0.05%. To compare, the Tobin tax was 1%. Here it's 0.01%. The financial transaction tax exists and is now used unilaterally in countries like the United Kingdom, Brazil, South Africa and India. In the UK, Margaret Thatcher set the financial transaction tax.

In April 2011, the FTT project received the support of 1,000 economists from over 50 or so countries, and who sent an appeal to the G20 Ministers of Finance to set up this tax forthwith. Among these economists, you have Joseph Stiglitz and Paul Krugman – Nobel Prize winners.

Economists underline that this FTT is technically feasible and morally just. Even at very low rates of 0.05% or less, this tax could raise hundreds of billions of US Dollars every year. And it could finance public services like health, education, access to drinking water nationally and globally and get to grips with the climate change challenge. Creating the global solidarity fund because all this revenues will be paid into a global solidarity fund--a fiduciary fund, which would be in charge of managing allotment as well as being in charge of accounting for its use in total transparency.

As for governance, two main principles must be respected: First and foremost, the necessity of regularly accounting for the different activities in total transparency, and secondly, ongoing follow-up and assessment combined with very strict financial verification. And as for the administrative board of such a fund, I think that we can take example from UNITAID.

We have reached the crux moment. 2011 can be a decisive year because political decision-makers have taken up some very strong positions in favor of the financial transaction tax.

That's it for innovative funding, and now, very shortly, the innovative spending.

I am going to take one example because in one month we are going to announce a very big announcement. Because of rules of intellectual propriety on patents, a human being living in developing countries, for example in Bamako, must wait 15 to 20 years before having access to the same drug one gets in Paris, New York or Oslo. It's truly shameful for humanity. Why? Because today, northern companies and scientists develop the drugs, northern institutions regulate and approve them for human use. North-dominated trade rules affect who can access them and at what price, and crucially these rules determine whether or not a competitive market can develop.

Now then in the north we have a responsibility, ladies and gentlemen, to make the global rules, which we have created and continue to control, work in the interest of the poor. Is there a reason why today 10 million people with HIV currently wait for access to medicines? 10 million!

This is why UNITAID proposes a groundbreaking initiative: The creation of a nonprofit structure in which patents owners agree to license the patents to enable generic producers to manufacture generics against HIV/AIDS exclusively for developing countries. It's a revolution. Therefore, for the first time in the history of humanity, the sick living in a poor country will have the same drug at the same time as those living in developed countries. It's a voluntary *démarche*, but probably we are going to announce three big laboratories which have accepted to work with us to give drugs at the same time in poor countries as in rich countries.

This history of UNITAID proves, in conclusion, that innovative financing particularly a global solidarity contribution on top of ODA, is a vital tool in the fight against epidemics and turmoil against poverty, hunger and climate change. Our dream, my dream, is to transform global public goods in universal public goods. That is not only about being generous, but it is also in the best interest of the most advanced countries. We cannot accept the trampling on human rights in developing countries in want of aid. If we don't want the global economy crisis to generate into a global humanitarian and social crisis with unpredictable consequences, political stability and international peace, we need to act collectively and to act now.

In conclusion, dear Terje, there is a Norwegian author, Nansen, who said: "The difficult is what takes a little time, and then the possible is what takes a little longer." Thank you.

**Khalil Elouardighi:**

My name is Khalil Elouardighi and I'm with an NGO based in Paris called Coalition Plus, it's a coalition of AIDS service organizations in 10 countries, mostly Francophone. And I'm in New York this week for the UN meetings on HIV/AIDS.

So I don't know if you've seen the cover of *The Economist* this week. The cover of *The Economist* this weekend, "End the AIDS Epidemic." That's one of the reasons why so many NGOs are present to try and get as high and as ambitious an outcome at the United Nations meetings on HIV this week. And this relates directly to innovative financing as Philippe Douste-Blazy showed in his presentation.

We can end AIDS by treating all the people with HIV in the world with the existing medication, because the existing medication has the effect of reducing so greatly the quantity of virus in the body as to make people no longer able to transmit the virus. There's been a recent study--it was published in the *Lancet* two weeks ago--that showed that for a thousand couples, with one person being HIV positive the other person being HIV negative, if you treat the HIV positive person, you hardly have any transmission to the HIV negative partner, even though they don't use condoms.

So there's been lots of reaction by Anthony Fauci, for example, who is this major United States scientist on HIV, to put attention to those scientific findings and some of the push back that the NGO community gets from government is: how are we going to pay to put on treatment 15 million people and, down the line, 30 million people?

But, actually, we can find the money for this, and the political momentum this year around the financial transaction tax, which has been put on the agenda of

the G20 summit draws attention to the fact that there's a lot of wealth in this world and there is a way to harness this wealth for such goals as ridding the planet of HIV/AIDS.

The financial transaction tax (FTT) already exists in a number of countries. For example, in the United Kingdom they have a tax on financial transactions in shares in UK companies. So it's not on all of the London stock market, it's just on shares in UK companies. And that tax generates 5 billion dollars a year. That's in the bad years. In the good years, it's 8 billion per year. And that's just on UK shares. And if you expand it to bonds and to derivatives it would be in the vicinity of 15 billion per year. So that's just for one country, and if you extend that to all the major economies, you would get something between 200 and 300 billion dollar a year.

In Taiwan they have the broadest-ranging FTT in the world, which is on all of it, on bonds on shares, on currency and on derivatives, and it generates 1% of fiscal income. It's one of the biggest taxes that they have in Taiwan. So, it shows that it's not just an idea, it's something that is happening right now, it's been happening for years. It's been tried and true and done, so we know how to do it in other countries. It's just a matter of political will, and we are seeing significant momentum in that department as well. Since, for example, the major fora where this kind of initiative should be discussed is at the G20 and it's been put this year on the agenda of the G20 by the French president.

So our message is: for the momentum that we're seeing this year to come to fruition, we need a critical mass of governments who are willing, together, to announce that they are going to do this, and to allocate it to development. We already have on top of it France, there's also Germany that has signaled it's will to do the financial transaction tax. There's a resolution of the French and German parliaments that is going to be discussed this week, this Thursday, in both the French Parliament and the German Parliament, so that's a continuation of what happened earlier in the European Parliament, it's a resolution on creating an FTT. There's also Spain, Belgium. Norway also in various fora has expressed its support for the FTT.

But we need more. We need some emerging economies, and we need obviously more of the developed economies to also join. And maybe some of the things that people who participate in those meetings, or people here at the meeting today, need to do is to spread the word and get public opinion aware of this opportunity and of the very possibility of such an FTT, because it exists already in various countries.

It's not about, can it be done? Would it ruin the economy if an FTT was done? It would not ruin it, because it is happening in Taiwan and Brazil and the UK, and it hasn't ruined either the financial sector or the economy in those countries. And the fact is that it can be put to very worthy and urgently-needed goals such as ending the AIDS epidemic. Thank you.

**Rød-Larsen:**

Thank you very much to both of you for terrific introductions. I would now like to open the floor for a Q&A. And I can already see a hand popping up there in the back. And could you please state your name and your affiliation before you start speaking.

**Harriet Mandel:**

I'm president of Jewish Global Associates. My question might seem obvious here, but where is the United States on this? And seeing that you quoted Joseph Stiglitz and Paul Krugman, of course American economists, and the Gates Foundation that is participating in this. I well understand the political sensitivities of your answering this, but what about a greater thrust into the

private sector? America is known as a very philanthropic society, and I just want to know if Mr. Gates and others are making a more aggressive push.

**Douste-Blazy:**

First, the private sector is absolutely in favor of UNITAID because, for example, the Bill and Melinda Gates Foundation is on our board.

I think that the private sector is going to play a very, very big role for innovative financing. I am sure. I am going to answer about the US feeling with the private sector, because it's impossible to speak within the US about taxation. When I use the word "tax" I see in the eyes of the people in front of me, the Ah! So I think, very difficult. I don't use the word tax. I say levy, fee, but it's the same thing. So I think that we are going to use in the US a voluntary contribution. And now, thanks to internet a lot of people buy their plane tickets through the internet. It's a reason why, with UNICEF US, we are developing now a new project. In 6 months or 8 months--I don't know exactly when--each traveler who is going to buy one plane ticket will have on the screen: "Do you want to give \$2 more? Yes or No". And I am sure--because the US people, American people are very, very generous. And I am sure that it's possible. But we need to have a branding as UNICEF. Because nobody knows UNITAID, of course, and it's important to have one partnership.

To conclude, UNITAID is not on the ground. We are a fundraising mechanism but after that each year we choose partners, and for example for children with HIV we have chosen the Clinton Foundation. We give the money to the Clinton Foundation, which works on the ground. For pregnant women with HIV, we give the money to UNICEF, and it is UNICEF which works on the ground. And we have partners. And with the voluntary contribution, we are going to put the name of the partner very high on the screen. UNICEF is very well known by the US, and 98% of the American people have a very positive image of UNICEF.

**Rød-Larsen:**

Khalil, I'll give you the floor in a minute. Philippe, I think you just exemplified how important it is to have people with political experience and political savvy and acumen in this kind of jobs, because what you illustrated now so very clearly is how symbols of politics are absolutely crucial in order to coat development work. Tax, levy, fee, UNICEF--I think it was a brilliant example on how often development is coated with politics. Khalil?

**Elouardighi:**

About the financial transaction tax and the United States: there have been two bills to create a financial transaction tax in the United States that were introduced in Congress. One by Congressman Defazio, and the other one by Pete Stark. Do we expect them to get anywhere? Not really. Not in this Congress. That's for the Congress part.

As for the administration... well, the US treasury hasn't been very supportive of the FTT in the G20 discussions. Basically, neither the NGO community nor even the governments that are championing the FTT are expecting that the coalition of pioneer countries that will unveil this and be the first wave of countries doing an FTT for development will contain the US. It will take longer to get the US on board, and probably we need to start in other countries to show that it's happening and it's not bringing communism to those countries before it can progress in the US.

**Douste-Blazy:**

And on the other hand, for innovative spending, on the contrary, we have a lot of support, a very, very strong support from President Barack Obama. On the website one year and a half ago, on the website of the White House there was a strong support of the President of the US about the patent pool.

**Rød-Larsen:**

Thank you very much again to both of you. I see several hands. First there's a



gentleman on the left in the back there I think raised his hand. Name and affiliation please.

**Victor:**

Victor Desantos, I'm a diplomat for the United Nations and I'm related to this matter, because I usually negotiate some of the south's financing for development resolutions on financial matters. So, personally and the group has seen positively this initiative, and we're quite happy of the evolution of it.

Particularly I was quite interested when you mentioned the evolution of the idea in France and how they were able to think about a possibility of a globally managed taxation framework. So, in particular, how do you envision it? Because you mentioned the possibility of having a UN fund and, obviously, that would be an idea quite interesting to see how member states will approach it and how it could evolve. That's my question.

**Douste-Blazy:**

About the UN fund? Yes? It's about United Nations fund? Excuse me.

**Rød-Larsen:**

Could you please in a nutshell repeat the question? I don't think- it was difficult to understand.

**Victor:**

I was trying to make it short. Basically, what we have right now as international commitments--Monterey, Doha,, traditional ODA--but even those are basically managed from donor recipients and probably the most related place in the UN is through UNDP. So, basically, you mentioned a UN global fund. So we would be speaking about a new architecture, because obviously this goes totally different... and particularly if you could look at it more... wouldn't it make sense to make it precisely on financial transactions when particularly we have moved from the real economy and is the financial economy the one which is putting the big cost and the big impact on development.

**Rød-Larsen:**

Thank you very much.

**Douste-Blazy:**

I am going to answer about the United Nations fund and Khalil is going to speak about financial transaction tax.

You know when you saw Copenhagen in December 2009 you could see all the heads of state in a room and all the NGOs in the street. And I think it's a very, very big problem for the United Nations to work on precisely. Because it's too easy for the heads of state who are alone in the room, it's too easy for the NGOs who are alone in the street. It's the reason why I am sure that in the future for the new architecture of development, as you said, we have to setup a new governance, with governments of course from developing and developed countries. But, as well, the civil society should be more implicated in the decision, and the private partners as well. Why?

Because if I take my small example with UNITAID... At the beginning, Khalil was in ACT UP, and 10 years ago I was Minister of Health in France. And the Minister of Health and ACT UP are not enemies, but like that. When I began UNITAID, I said it's impossible to organize a board without civil society. Because each decision, each decision is very important for government, but is very important as well for patients, for NGOs, for civil society. And since 2006, we decide by unanimous vote, and the NGOs are implicated in the vote, in the decision. They can't go to the street after that to say: "Hey, we are very angry." And I think it's very important for the future to explore new governance models. Because with the internet now, everybody is informed. So information is a new era. And for the Global Fund, for the United Nations fund, the same thing. We have to create a board with all these participants for the financial transaction

tax.

**Rød-Larsen:** Khalil?

**Elouardighi:** Was your question on which financial markets would be taxed? Was that your question? I'm sorry it's just I couldn't hear, just the sound-

**Rød-Larsen:** In brief.

**Victor:** Well, particularly I was thinking precisely, sort of for my American colleagues here, but Wall Street, basically.

**Elouardighi:** For the financial transaction tax, the example that exists in the UK, for example, which is the one that is being proposed to be expanded on, it's a tax collected at a level of central settlement of transactions. So it's at the level of central settlement of transactional securities. That's bonds, shares, some of the derivatives. It could be a technique that could be applied also to transactions and derivatives and it can also be applied to the infrastructure that settles transactions in currencies.

**Rød-Larsen:** Thank you. I see all the hands. Can we then move to the second row on my left hand side.

**Gyan Chandra Acharya:** Thank you. I'm the Ambassador of Nepal here. And very recently we have had a conference in Istanbul about the least-developed countries. And one of the major issues that we discussed over there was about the financing for development. So what you presented here today is so close to our heart in terms of the issues, in terms of the impact of globalization, and why we are just becoming responsible at the international level. Not to look at the issues of the poor and the marginalized people.

Now, you said that this global transaction tax is what we need to do, but is it only the political will that is not there because of that that a global transaction tax has not come into play? What of the other bottlenecks?

And the second thing with what we have seen is that this innovative financing has been very effective in particular sectors. Especially epidemics, especially the health-related issues, but are you thinking that this could be also used for economic development? Or infrastructure? Because these two things have to be taken together. MDGs are very important but if we don't have economic growth for the long run, especially in the least developed and the poor countries even that contribution cannot be sustained in the long run. So this is my question, are you really thinking that that could be used for economic development purposes, for agriculture, for industries, for services, as well as infrastructure? And then what is it exactly that is really stopping us from developing this financial transaction tax? And when do we really see that happening? Thank you.

**Rød-Larsen:** Thank you very much for the very intriguing questions. Philippe.

**Douste-Blazy:** For your last question. Personally, I think that innovative financing is for universal public goods: Health, sanitation, drinking water, food and education. It's not to assist economically a country. Because I think that is a big mistake. But we need 40 billion more per year to provide double public goods for developing countries. It's very important for me to say that for the economic growth it's the private sector. And for me, the private sector is the only sector which is able to help economically a country. But basically the global public

goods... if we want to provide global public goods for each human being in the world, we need innovative financing and the financial transition tax.

**Elouardighi:**

Are there other bottlenecks than political will for an FTT? Our analysis in the campaign--it's called Robin Hood tax campaign-- is that there are no other impediments. The reason why we don't feel that there are any technical impediments to more FTTs than already exist now... the ones that already exist, they just fund a general budget of those governments, the UK government, Taiwan, Brazil. They're not allocated to specific development goals or foreign aid. And the reason that we don't think that there are any technical impediment is that those taxes already exist. They were all created unilaterally without any of those countries waiting for anyone else to be ready to do it with them. And there hasn't been any flight of capital out of those countries. It hasn't raised the cost of capital for business in those countries. It really hasn't had any harmful consequence. Also, the rate is really low. It's part of the reason it hasn't had those bad consequences, and the reason why, even with the low rate, you have a lot of money, is just because the mass of financial transactions is so huge that even a tiny skimming of that mass leaves you with a lot of money. So we can see that there are no technical impediments to setting up those taxes, and we derive from that that the only impediments left are political.

**Douste-Blazy:**

If I can add one thing. You know the patent pool for the patents for medicines for HIV is one example, but if we succeed? Last night I had dinner with an investor in green investment for green economy. And he said to me we can do patent pool for climate change because we have a lot of tools, but which are too expensive now for developing countries. And we can have the same approach for climate change. I think it's a new capitalism you know? Post-crisis.

**Rød-Larsen:**

Thank you again, Khalil and Philippe. Now move to the third row on my right hand side to the lady there.

**Roma Stibravy:**

Roma Stibravy, NGO Sustainability. I just wanted to mention that during the League of Nation days, there were organizations like the International Chamber of Commerce who sat at the table with the member states and had the same voting rights. So certainly your idealism that civil society should be more at the table is innovative but historical.

**Rød-Larsen:**

Thank you very much. Then we'll move one row back.

**Karen Colvard:**

I'm Karen Colvard from the Harry Guggenheim Foundation. I think it's very commendable that you've created a place on your governing board for civil society, and yet NGOs don't all speak with the same voice. And especially NGOs from developing countries need to have a say so particularly in spending decisions. Is there provision for people from the south to participate fully?

**Elouardighi:**

Yes. First of all, you're totally right. UNITAID was created in 2006. That was 5 years after the international community created the Global Fund to Fight AIDS, TB and Malaria. So the board of UNITAID is kind of modeled after the board of the Global Fund to Fight AIDS, TB and Malaria. The board of the Global Fund has eighteen seats. Three of them for civil society, one of them is for people living with HIV, TB and/or malaria, one of them is for NGOs fighting the diseases in developing countries, and one of them is for NGOs fighting the diseases out of the developed countries.

So the board of UNITAID is smaller because UNITAID is smaller as an organization, so they decided not to have a huge governance structure, so it's roughly half as big as the Global Fund board. So there are two seats for civil

society on the UNITAID board. And the way that civil society decided to organize those two seats is to have one seat for people living with the diseases and one seat for NGOs, and so basically to collapse the two NGO seats for north and south that you had in the Global Fund board into one seat. The way that it plays out is that because almost 97% of people living with HIV are in developing countries is that the reps of people with HIV on the board of UNITAID are always from Africa. And they take part in decision making. They pushed for example for the patent pool so that they can have access to newer, cheaper medicines.

**Rød-Larsen:**

There is also a hand here on the second row.

**Unidentified Woman:**

Thank you for all the work you are doing, and thank you for introducing them. I have a question for you. What you mentioned--this awareness that you're doing and fundraising and all of that to further combat the problem with HIV/AIDS, malaria and TB-- does that include also something that is really not new—but it's new for us, because we've had first-hand experience with it—what they call the silent killer, the new epidemic which is called MRSA.

Last year we lost our son to that bacteria that is derivative of a staph infection but for the life of me I did not know enough about it and not much is known about it. When we start studying it, it kills more in the United States and, according to very accurate information, more than HIV/AIDS, malaria, breast cancer combined. And no one is tackling it. It is a mutant bug that comes, a bacteria that comes after the... you know, you treat it with antibiotic, and you can imagine if this is in the United States alone what is the statistics for other countries around the world. So you obviously did not mention that. We have started a foundation to try to raise awareness and try to see if we can do some vaccine or something that will save lives. You get this MRSA bacteria first from hospital, or you get it from the gym, from tanning salons, and yesterday on ABC News I heard that they just found more of this in some cows' milk. I don't know if you heard that on the news. So is there any awareness at all about this? Thank you.

**Rød-Larsen:**

Khalil?

**Elouardighi:**

I might not be the best person to answer your question, because I work only in HIV, which takes all of my time. The issue of multi-resistant germs or viruses is one of the biggest issues that the international health, like the World Health Organization and those other organizations work on, so I would expect that they are aware of this particular germ that's resistant that you mentioned, and that it's part of the work that they are having on the issue of resistance to multiple-resistant bacteria.

The general answer to those questions is to prevent the rise and the replication, prevent the growth of the resistance of those germs, then prevent them from being entrenched in hospitals. It's all the hygiene rules to prevent the transmission of those germs in hospitals you know with some precautions and all that. And then research, because drugs are like everything, they get worn out. They stop working... it's a perpetual race between the drugs and the bacteria, and you need new drugs, you need to safeguard your drugs so that they last longer, so that drugs don't become resistant.

**Rød-Larsen:**

We are slowly drawing to a close. I've seen one hand, are there any other hands up here? There are two. So these will be the two last questions. First, the lady there on my left hand side.

**Karin Manente:** Thank you very much I'm Karen Manente. I'm from the World Food Program. So, thank you for a presentation, laudable work, but also, it's the right thing to do. Being from the World Food Program, I raise the issue of hunger... I saw that was one of the public goods that you identified as sort of in the same category that could be considered for these kinds of partnerships. Do you have any ideas or have you approached any partners, private sector, public sector on this? On hunger? So just to hear from you if that has been initiated in any shape or form. If you have any ideas specific to hunger. Thank you.

**Rød-Larsen:** Thank you. Shall we take the last question before we go back to Khalil and Philippe please.

**Hussein Elshaar:** Thank you very much. My name is Hussein Elshaar from the mission of Egypt and I would like to thank Professor Douste-Blazy and Dr. Khalil for the comprehensive presentation.

Actually my question is concerning the context in which the debate regarding innovative finances takes place in the GA. And it's about the impact of innovative finance on the deliverance of developed countries from their commitments regarding ODA and other aid pledges to developing countries.

Usually there are a lot of suspicions among developing countries regarding this issue because we have the 0.7%—we have as our financing for development, pledges—but most developed countries fail to deliver on this commitment. So at the same time the financial transaction, or at least maybe the air ticket transaction-- it affected, at some point, some developing countries in terms of the tourism that they are receiving, and they understand that maybe there is partially a negative impact on their revenues from tourism coming from that levy or tax. The point is: how to ensure that developed countries are respecting their commitments regarding traditional aid assistance, at the same time trying to generate more resources to developing countries achieving MDGs and other internationally agreed development goals? Thank you.

**Rød-Larsen:** Thank you very much.

**Dousté-Blazy:** I'm going to give the floor to Khalil, but it's very, very important to say that innovative financing has to be additional to ODA. Because if not -- it's terrible. Because a head of state can say, Philippe, you can continue to develop innovative financing, I am going to decrease the government aid-- it's a big mistake. And we have to push the governments to continue to give ODA. You know I said at the beginning of my presentation that ODA is decreasing, except in some countries like Norway, for example, it is 1% of national growth. Or Denmark-- 0.8. And I think it's very important to continue to say we need ODA, but we have to create new ways additionally.

**Rød-Larsen:** Khalil?

**Elouardighi:** Well this was one of the biggest concerns that the NGOs who were part of this campaign had before they decided to go for this campaign. What we're asking is that the proceeds of this FTT should be put to an international fund. So, as a way to make sure that there is no budgetary tricks between this new income that would come in the government's coffers, and the ODA that would come out. So, in order to make sure that it's additional, and also that it's stable, because if these large sums go through governments' national budget, there's a risk in many countries that, after a while, after the next elections, the next Prime Minister will decide that the country should no longer use those sums for development that they should be spent at home. And you can't plan long-term

development if you can't plan for long-term budget. So the volatility of aid is an impediment to development in itself.

So, in order to make sure that it's stable and predictable, what we're asking is that the governments that will pioneer this should put it into law that it will be allocated to development, that it will be additional and that it will be transferred directly to those international funds that will be in charge of spending like the Global Fund to Fight AIDS, TB And Malaria like UNITAID or like the World Food Program or the Fast Track Initiative for Education, The Green Fund. The FTT would be enough money to feed many causes. That's also the value of fighting for it, and it is that you don't have to choose between your mother or your father.

**Rød-Larsen:**

Since we actually have a couple of minutes left, I can't resist asking two questions myself. Of course we are all incredibly impressed by what you are doing. My question is how are you organizing yourself? I mean besides the membership, how many staff are you? And I believe the membership is now 15 nations? Do you have a strategy for getting more in? What are the obstacles? What are the incentives?

Then my last question is, here at IPI we just finished a study on transnational organized crime. We showed that in East Africa, I think it's 80% of malaria drugs are counterfeit. How do you tackle a situation like that, since Africa is very much of your focus? Anyhow, two very different questions. Would you go first Philippe?

**Douste-Blazy:**

Yes. When you say to a head of state, do you accept to add \$1 by airplane ticket and your country is going to be on the board of UNITAID and it's the first movement in the world with a multinational fund, each head of state says yes, it's a fantastic idea, I am going to enter into UNITAID, thank you. After that, you go to see the Minister of Finance, and the Minister of Finance says no, it's not possible, I don't want to setup a new tax and a new tax not for me but for a supranational fund, never! And you have to reorganize a new trip to see again the head of state, and so on... it's very difficult.

And why is it difficult? Because public opinion doesn't know about this work. Nobody knows about this work. And I was very happy two months ago, because DFID, the Ministry of Cooperation in the UK, which is very prestigious—at the beginning, Cameron and Osbourne said we are going to give the same money for cooperation, but we want to have an audit, a big study to know if all the organization we give the money to, is you know, well used—and the answer is UNITAID is one of the best organizations for them. And I say, look, you can enter into UNITAID, and you can be sure that the money is going to be well used.

Now we are discussing with China, the next president is currently the chair of the military commission, but he's very interested and his wife as well, in UNITAID. And, as you know, China works a lot in Africa. I said to them you can do one dollar per plane ticket, because already there are 350 million plane tickets per year in China. We are also discussing with Japan. Unfortunately, 10 days before the tsunami I have had an agreement of all the members of Parliament in Japan to implement the small levy tax on airplane ticket. And now we have as well Senegal and Kenya.

But to conclude, I would like to say to you that what is nice in UNITAID is that Mali, for example is in UNITAID. A traveler who can buy a plane ticket in Bamako can pay \$1 more as well. It's not the north/south relationship. It is south/south as well. It is a new solidarity which travels all over the world. Not only from the north, but as well from the south. But if we can organize a big

advocacy campaign for innovative financing for airplane ticket, for mobile phone, for financial transaction tax, I think that we'll be able to change the world.

**Rød-Larsen:**

Kahlil, would you like to add additional comments?

**Elouardighi:**

Just about the counterfeit drugs in East Africa. I mean East Africa has very good results in terms of survival of people on treatment. East Africa is a region where HIV...where the spread of HIV has gone very wrong, and a large share of the population is living with HIV. There's been tremendous progress in the past 5-6 years in terms of how many of those people have been able to access treatment through the Global Fund to Fight AIDS, TB and Malaria, and through the bilateral US program PEPFAR. And people who are accessing HIV medication in East Africa are actually surviving on treatment. So, just that, the fact that the treatment is effective in terms of their survival shows that they are not... they are being given real drugs, not counterfeit drugs.

On top of campaigning for the FTT, for the financial transaction tax, we're also campaigning on access to generic medicines, and there's a big battle between civil society and the pharmaceutical industry over what they call counterfeit medicines, which is usually medicines that break patents or trademarks on medicines and that are generic medicines that are just as good as the regular brand-name medicine, that actually saves lives but that breaks patents and which they call counterfeit medicines. Just to say that... in any case, the good news is that people on treatment in East Africa are clearly surviving AIDS and living much longer. The drugs that they're getting are good drugs.

**Rød-Larsen:**

Thank you very much and time is now to say thank you to both of you and to all of you.

Particularly I'd like to say, Philippe, I think you've started your advocacy campaign today, and I have the feeling it was very successful, because I think I speak for everybody that we are so impressed by the ingenuity of what both of you are doing, and also by the simplicity of what you are doing.

Because what is striking here, it's a very simple idea which has been implemented into a great success story in just a few years. And I think that's rather unprecedented in this field, as we've seen it for many, many decades.

I'd also like to say that the technical work you are doing paired with that incredible political vision and drive which you are both showing, your creativity and your organizational innovation capability is striking and incredibly impressive. So I think you have, for your advocacy campaign, I think you have the support from every single person in this room, including myself, so the only thing which is left for me to say is good luck to you, and I think we're all with you. Thank you so much, and thank you for being here.